

**PUBLIC DISCLOSURE**

OCTOBER 22, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

BRIDGEWATER CREDIT UNION

75 MAIN STREET  
BRIDGEWATER, MA 02324

DIVISION OF BANKS  
ONE SOUTH STATION  
BOSTON, MA 02110

<p><b>NOTE:</b> This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **BRIDGEWATER CREDIT UNION** prepared by the Division, the institution's supervisory agency, as of **OCTOBER 22, 2003**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

### **INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"**

The assessment of Bridgewater Credit Union's (or the Credit Union) record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates.

The Credit Union makes the majority of its loans within the assessment area. Shares from the members are returned to members in the form of residential and consumer loans. The distribution of loans to borrowers of different income levels satisfactorily represents the demographic composition of the assessment area. The geographic distribution of loans within the assessment area indicates adequate penetration of the low and moderate-income census tracts.

The Review of Complaints and the Fair Lending section indicates that Bridgewater Credit Union has made limited progress in attracting applicants of various racial and ethnic backgrounds within the assessment area.

## **PERFORMANCE CONTEXT**

### **Description of Institution**

Bridgewater Credit Union is a financial institution that was chartered in 1941 by the Commonwealth of Massachusetts. The credit union's by-laws limit membership to "...those persons living, working or having business within Barnstable, Bristol, Norfolk or Plymouth Counties, or organizations within a fifty (50) mile radius of the offices, for purposes of payroll deduction."

The Credit Union faces competition from other institutions that operate within the assessment area. Aggregate Home Mortgage Disclosure Act (HMDA) data for 2001 indicated that the Credit Union ranked 76<sup>th</sup> in market share, representing .26 percent, out of a total of 462 HMDA-reportable mortgage lenders that made loans within the assessment area in 2001. Washington Mutual Bank, FA ranked number 1 followed by Countrywide Home Loans representing 5.64 percent and 5.53 percent in market share, respectively. Other competitors within the vicinity's competitive mortgage market include large national and regional lenders.

Aggregate HMDA data for 2002 indicated that the Credit Union ranked 69<sup>th</sup> in market share, representing .26 percent, out of a total of 469 HMDA-reportable mortgage lenders. Again, Washington Mutual Bank, FA ranked number 1 followed by Countrywide Home Loans representing 7.36 percent and 6.86 percent in market share, respectively. Fleet National Bank ranked 3<sup>d</sup> representing 4.84 percent in market share. Additionally, the Credit Union experiences competition from other credit union and non-bank mortgage lenders such as Brockton Credit Union and Wells Fargo Home Mortgage that operate in the local area.

The Division last examined Bridgewater Credit Union for compliance with the Community Reinvestment Act on February 16, 1999

As of September 30, 2003, the institution had total assets of \$233,756,747 and a loan portfolio totaling \$143.3 million or 61.3 percent of the institution's total assets. Loans by number total 12,154. The largest category of loans in number is comprised of used vehicle loans. The largest portion in dollar amount is residential first mortgages. First mortgage real estate loans represent 53.8 percent of the total loan portfolio. Used vehicle loans are next with 24 percent, followed by other real estate loans and new vehicle loans with 9.7 and 9.0 percent of the total loan portfolio, respectively. The remaining portfolio consists of unsecured and secured installment credit. Refer to the following chart.

### Loan Portfolio Composition

Loan Type	Amount	Percent
First Mortgage Real Estate	77,059,340	53.8
Used Vehicle	34,436,905	24.0
Other Real Estate	13,888,555	9.7
New Vehicle	12,952,971	9.0
Unsecured	1,842,267	1.3
Unsecured Credit Card	1,742,709	1.2
All Other	1,396,031	1.0
<b>Total</b>	<b>143,318,778</b>	<b>100.0</b>
Source: 5300 Report, Statement of Financial Condition as of September 30, 2003.		

### ***Retail Credit Union Products and Services***

The Credit Union's main office is located at 75 Main Street in Bridgewater. Based on 2000 census information this location is situated in an upper-income census tract. The Credit Union maintains 3 additional full-service branches with details in the following table.

Branch	Location	Census Tract Designation
Fairhaven	41 Fairhaven Commons Way, Fairhaven MA	Middle
Plymouth	8 North Park Avenue, Plymouth MA	Moderate
Quincy	62 Clay Street, Quincy MA	Middle

Automated Teller Machines (ATMs) are maintained at each office location, with the main office providing two ATMs. The ATM networks used include NYCE, Cirrus and CO-OP Network. The credit union is also a member of the SUM network of ATMs, a surcharge-free alliance of several financial institutions that include thousands of ATMs throughout New England. In addition, the Credit Union is a participant in the surcharge-free alliance of 1,237 credit unions that operate 15,425 CO-OP Network ATMs located in 50 states, Puerto Rico and Canada. As of March 1, 2003, more than 14 million cardholders have financial access to a national surcharge-free network. Thus, BCU's customers can avoid ATM surcharges by conducting business at alliance members' ATMs that bear the SUM and CO-OP Network logos.

Business hours at all branch locations are from 9:00 a.m. to 4:00 p.m. Monday through Wednesday with extended hours on Thursday and Friday afternoon and Saturday morning from 9:00 a.m. to noon. Drive-up teller service is available at all locations and is open one hour earlier on weekdays. Office hours are convenient and appear to be accessible to all members.

## Description of Assessment Area

Bridgewater Credit Union's assessment area is comprised of 18 cities and towns. The municipalities are located in three Metropolitan Statistical Areas (MSAs), and include: the Towns of Abington, Bridgewater, East Bridgewater, Halifax, Middleboro, Raynham, West Bridgewater, Whitman, and the City of Brockton all located in the Brockton MSA; The Cities of Quincy and Taunton, and the Towns of Carver, Plymouth, and Weymouth all located within the Boston MSA; and the City of New Bedford and the Towns of Fairhaven, Mattapoisett, and Rochester all located within the New Bedford MSA.

The Town of Bridgewater is geographically situated approximately 25 miles south of the City of Boston with the remaining assessment area's communities contiguous to the Town of Bridgewater and its branch locations.

Based on the 1990 U.S. Census data Office of Housing and Urban Development (HUD), median family income for the Brockton, Boston, and New Bedford MSAs was \$44,404, \$48,688 and \$33,927, respectively. Subsequently, HUD makes annual adjustments of MSA median family income figures. The adjusted median family incomes for the MSAs for 2001, 2002 and 2003 are shown in the table below. Based upon the definitions of the various income levels, the adjusted figures for low-income individuals and moderate-income individuals are also indicated in the following table.

Annual Income		Adjusted Annual Income Levels	
<b>Brockton MSA</b>	<b>Amount</b>	<b>Low-income &lt;50% MSA MFI<sup>1</sup></b>	<b>Moderate-income 50%-79% MSA MFI</b>
Year: 2001	\$61,300	\$30,649	\$30,650-\$49,039
Year: 2002	\$63,500	\$31,749	\$31,750-\$50,799
Year: 2003	\$70,300	\$35,149	\$35,150-\$56,239
<b>Boston MSA</b>	<b>Amount</b>	<b>Low-income &lt;50% MSA MFI</b>	<b>Moderate-income 50%-79% MSA MFI</b>
Year: 2001	\$70,000	\$34,999	\$35,000 - \$55,999
Year: 2002	\$74,200	\$37,099	\$37,100 - \$59,359
Year: 2003	\$80,800	\$40,399	\$40,400-\$64,639
<b>New Bedford MSA</b>	<b>Amount</b>	<b>Low-income &lt;50% MSA MFI</b>	<b>Moderate-income 50%-79% MSA MFI</b>
Year: 2001	\$46,300	\$23,149	\$23,150-\$37,039
Year: 2002	\$47,500	\$23,749	\$23,750-\$37,999
Year: 2003	\$52,700	\$26,349	\$26,350-\$42,159

<sup>1</sup>Median Family Income

## Assessment Area 2001-2002

Based on census data for 1990, the assessment area is comprised of 126 census tracts. The breakdown of the tracts are as follows: 4 or 3.1 percent low-income; 29 or 23.0 percent moderate-income; 86 or 68.3 percent middle-income; 5 or 4.0 percent upper-income, and 2 or 1.6 percent have no income designation. New Bedford contains the most census tracts, including 1 low-income census tract and 13 moderate-income census tracts. Brockton and Quincy contain 2 and 1 low-income tracts, respectively. The 2 census tracts with no income designation are 6518.99, which is the location of a ship in New Bedford, and 6134.00, which is the location of a Golf Course & State Hospital in Taunton.

Census demographic data obtained from CRA WIZ indicate that the Credit Union's assessment area contains a total population of 551,027 individuals. There are 220,585 housing units within the assessment area, of which 54.9 percent are owner-occupied, 37.6 percent are rental occupied, and 7.5 percent are vacant housing units. Households living below the poverty level represent 10.0 percent of total households.

The following table provides demographic and economic information pertaining to the Credit Union's assessment area.

<i>Selected Housing Characteristics by Income Category of the Geography</i>							
<i>Geographic Income Category</i>	<i>Percentage</i>						<i>Median Home Value</i>
	<i>Census Tracts</i>	<i>House- holds</i>	<i>Housing Units</i>	<i>Owner- Occupied</i>	<i>Rental Units</i>	<i>Vacant Units</i>	
<b>Low</b>	3.1	2.4	2.6	0.9	4.7	4.0	124,175
<b>Moderate</b>	23.0	21.1	21.3	12.2	34.3	22.7	125,650
<b>Middle</b>	68.3	72.8	72.4	81.9	59.4	67.8	144,381
<b>Upper</b>	4.0	3.7	3.7	5.0	1.6	5.5	163,668
<b>N/A</b>	1.6	0.0	0.0	0.0	0.0	0.0	0
<b>Total of Median</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>143,668</b>

Source: 1990 U.S. Census

## Assessment area 2003

Based on census data for 2000, the assessment area is comprised of 128 census tracts. The breakdown of the tracts are as follows: 9 or 7.0 percent low-income; 37 or 28.9 percent moderate-income; 74 or 57.8 percent middle-income; 7 or 5.5 percent upper-income and 1, or 0.8 percent have no income designation. The 9 low-income census tracts are located in the Cities of New Bedford with 7, and Brockton and Quincy with 1 each. The 37 moderate-income census tracts are located in New Bedford with fourteen, Brockton with eleven, Taunton with six, Quincy with three, Plymouth with two, and Weymouth with one. Census tract 5253 located in Bridgewater is the tract with no income designation and is the site of a State correctional facility.

Census demographic data obtained from CRA WIZ indicate that the Credit Union's assessment area contains a total population of 588,393 individuals. There are 238,711 housing units within the assessment area of which 58.0 percent are owner-occupied 36.8 percent are rental-occupied and 5.2 percent are vacant housing units. Households living below the poverty level represent 10.6 percent of total households.

The following table provides demographic and economic information pertaining to the credit union's assessment area.

<b><i>Selected Housing Characteristics by Income Category of the Geography</i></b>							
<b><i>Geographic Income Category</i></b>	<b><i>Percentage</i></b>						<b><i>Median Home Value</i></b>
	<b><i>Census Tracts</i></b>	<b><i>House-Holds</i></b>	<b><i>Housing Units</i></b>	<b><i>Owner-Occupied</i></b>	<b><i>Rental Units</i></b>	<b><i>Vacant Units</i></b>	
<b>Low</b>	7.0	4.5	4.7	1.5	9.2	9.2	121,691
<b>Moderate</b>	28.9	27.1	27.2	18.6	40.4	29.2	131,788
<b>Middle</b>	57.8	62.7	62.1	72.4	47.6	50.5	161,390
<b>Upper</b>	5.5	5.7	6.0	7.5	2.8	11.1	174,435
<b>N/A</b>	0.8	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total of Median</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>157,885</b>

Source: 2000 U.S. Census

## Change in Demographics

In 2003, the US Census Bureau released its revised demographics based upon 2000 census data. The following table reflects both the 1990 and 2000 census data of Bridgewater Credit Union's assessment area by census tract income groupings. This information is being included as a precursor for future examinations as well as for the credit union's future reference. In addition, the percentage change in the number of census tracts by income grouping is also reflected.

<b><i>Change in Assessment Area Demographics</i></b>					
<b>Census Tracts</b>	<b>1990 Census Data</b>		<b>2000 Census Data</b>		<b>% Change in Number of Census Tracts</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	
<b>Low</b>	4	3.2	9	7.0	125.0
<b>Moderate</b>	29	23.0	37	28.9	27.5
<b>Middle</b>	86	68.3	74	57.8	-16.2
<b>Upper</b>	5	4.0	7	5.5	40.0
<b>NA</b>	2	1.6	1	0.8	-100.0
<b>Totals</b>	<b>126</b>	<b>100.0</b>	<b>128</b>	<b>100.0</b>	<b>1.587</b>

Source: PCI Services, Inc. CRA Wiz Software

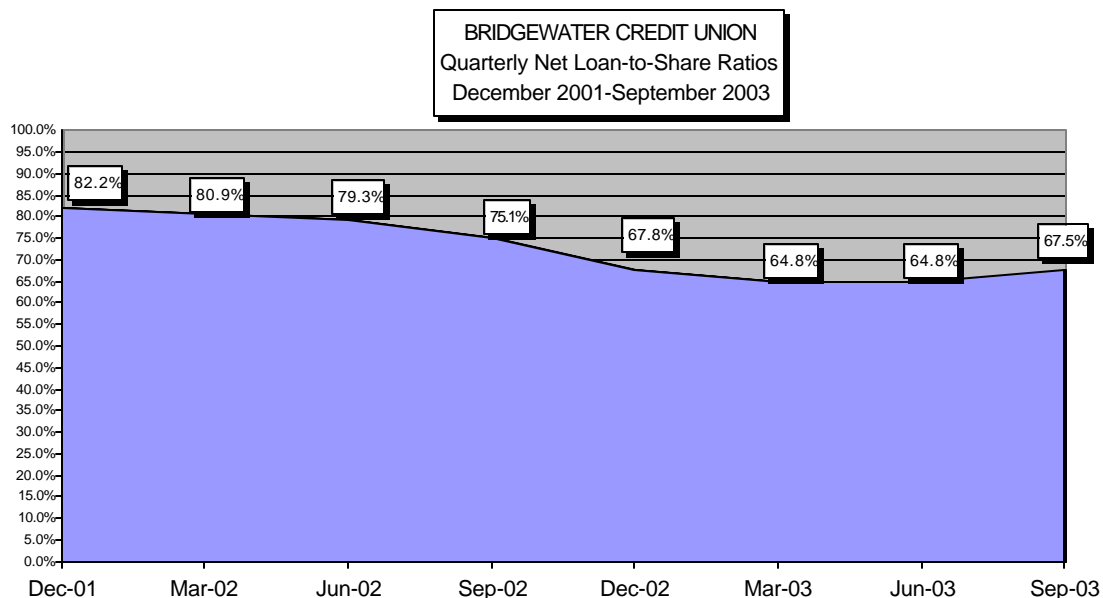
Of the 18 cities and towns in the assessment area eight had one or more changes in make-up of its census tracts. The eliminated census tracts with no income designation include the ship in New Bedford and the hospital in Taunton.

## **PERFORMANCE CRITERIA**

### **1. LOAN TO SHARE ANALYSIS**

Based upon the Credit Union's asset size, its capacity to lend, and the credit needs of the membership, the analysis of Bridgewater Credit Union's net loan-to-share ratio indicates that the Credit Union meets the standards of satisfactory performance.

An analysis of Bridgewater Credit Union's net loan-to-shares and deposit ratio was performed using the National Credit Union Administration's (NCUA) quarterly call reports from December 31, 2001, through September 30, 2003. This analysis was conducted to determine the extent of the Credit Union's lending compared to deposits received from its membership. The resulting average net loan-to-shares ratio of 72.8 percent reflects a downward trend from a high of 82.2 percent in the fourth quarter of 2001 to a low of 64.8 percent in second quarter 2003. Although Bridgewater Credit Union experienced robust mortgage activity in 2003, due in large part to two on road loan originators, the loan growth was offset by loan payoff, secondary market sales, and strong competition from other financial institutions in an aggressive mortgage market. The following graph illustrates the net loan-to-share trends for the period under review.



The Credit Union sells a portion of its mortgage loan portfolio, which allows for more efficient management of its liquidity position and also makes funds available for additional lending. Between July 2002 and July 2003, the Credit Union sold 92 residential loans to FNMA totaling \$12,510,598. However, the Credit Union retained the servicing for the bulk of the loans sold.



The Credit Union's net loan-to-share ratio for third quarter 2003 is indicated below and is compared to other institutions that operate within the Credit Union's assessment area. The comparison of three other institutions, as shown in the following table, indicates that Bridgewater Credit Union's net loans-to-share ratio is reasonable.

<b>Net Loans-to-Share Ratios as of September 30, 2003</b>			
<b>Credit Union</b>	<b>Net Loans (\$000)</b>	<b>Shares (\$000)</b>	<b>% LTS</b>
Crescent	\$234,481	\$249,285	94.0
Uniti	\$30,318	\$41,972	72.2
New Bedford	\$45,281	\$65,364	69.3
Bridgewater	\$142,044	\$210,371	67.5

Based on the foregoing information, the its asset size and resources, and the credit needs of its customers, Bridgewater Credit Union's net loan-to-share ratio is considered to be adequate.

## **2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)**

Based upon the analysis of HMDA data and the consumer installment loan data, the credit union's level of lending within the assessment area meets the standards for satisfactory performance.

A review of Bridgewater Credit Union's HMDA Loan Application Register (LAR) data for calendar years 2001, 2002, and year-to-date 2003 and an analysis of the Credit Union's consumer installment loan data for calendar years 2001, 2002 and year-to-date September 30, 2003 was undertaken to compare the institution's level of lending activity inside versus outside of the assessment area. The HMDA loans consisted of first and second mortgage loans on one to four family properties. It is noted that refinanced mortgages represented 89.7 percent of total loans on residential properties and 85.3 percent of the total dollar amount for the period. The consumer installment loans analyzed consisted of new and used automobile loans, personal secured and unsecured loans, boat loans, motorcycle loans, and recreational vehicle loans.

### **HMDA Loans**

According to the institution's HMDA/LARs, the Credit Union originated 177 residential loans in calendar year 2001, 225 residential loans in calendar year 2002 and 458 residential loans as of year-to-date. Loans originated inside the Credit Union's assessment area represented 63.1 percent of the total number, or 60.8 percent of the total dollar volume of \$111.7 million. The Town of Bridgewater accounted for 16.3 percent of the total number and 16.9 percent of the total dollar volume. The Towns of Fairhaven and Plymouth were a distant second and third place with 8.5 and 8.4 percent of the total number, respectively. As indicated in the tables below the concentration of activity is within

the five municipalities of Bridgewater, Fairhaven, Plymouth, New Bedford, and Quincy. Refer to the following tables 2a and 2b for additional information.

<b>RESIDENTIAL LOANS (Number)</b>								
	<b>2001</b>		<b>2002</b>		<b>2003*</b>		<b>TOTALS</b>	
<b>Location</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Bridgewater	30	17.0	34	15.1	76	16.6	140	16.3
Fairhaven	10	5.6	16	7.1	47	10.3	73	8.5
Plymouth	8	4.6	27	12.0	37	8.1	72	8.4
New Bedford	10	5.6	11	4.9	29	6.3	50	5.8
Quincy	6	3.4	5	2.2	16	3.5	27	3.1
<b>Sub Total</b>	<b>64</b>	<b>36.2</b>	<b>93</b>	<b>41.3</b>	<b>205</b>	<b>44.8</b>	<b>362</b>	<b>42.1</b>
<b>Other Assessment Area</b>	<b>45</b>	<b>25.4</b>	<b>43</b>	<b>19.1</b>	<b>93</b>	<b>20.3</b>	<b>181</b>	<b>21.0</b>
<b>Inside Assessment Area</b>	<b>109</b>	<b>61.6</b>	<b>136</b>	<b>60.4</b>	<b>298</b>	<b>65.1</b>	<b>543</b>	<b>63.1</b>
<b>Outside Assessment Area</b>	<b>68</b>	<b>38.4</b>	<b>89</b>	<b>39.6</b>	<b>160</b>	<b>34.9</b>	<b>317</b>	<b>36.9</b>
<b>Totals</b>	<b>177</b>	<b>100.0</b>	<b>225</b>	<b>100.0</b>	<b>458</b>	<b>100.0</b>	<b>860</b>	<b>100.0</b>

Source: 2001, 2002, and \*Year-to-date October 22, 2003 HMDA LAR data

<b>RESIDENTIAL LOANS (Dollar)</b>								
	<b>2001</b>		<b>2002</b>		<b>2003*</b>		<b>TOTALS</b>	
<b>Location</b>	<b>\$(000)</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>
Bridgewater	3,804	15.6	4,578	15.6	10,584	18.2	18,966	16.9
Plymouth	1,377	5.7	3,050	10.4	5,172	9.0	9,599	8.6
Fairhaven	913	3.8	1,670	5.7	5,638	9.7	8,221	7.4
New Bedford	880	3.6	957	3.3	2,748	4.7	4,585	4.1
Quincy	1,101	4.5	605	2.1	2,154	3.7	3,860	3.5
<b>Sub Total</b>	<b>8,075</b>	<b>33.2</b>	<b>10,860</b>	<b>37.1</b>	<b>26,296</b>	<b>45.3</b>	<b>45,231</b>	<b>40.5</b>
<b>Other Assessment Area</b>	<b>5,803</b>	<b>23.8</b>	<b>5,712</b>	<b>19.4</b>	<b>11,155</b>	<b>19.2</b>	<b>22,670</b>	<b>20.3</b>
<b>Inside Assessment Area</b>	<b>13,878</b>	<b>57.0</b>	<b>16,572</b>	<b>56.5</b>	<b>37,451</b>	<b>64.5</b>	<b>67,901</b>	<b>60.8</b>
<b>Outside Assessment Area</b>	<b>10,476</b>	<b>43.0</b>	<b>12,738</b>	<b>43.5</b>	<b>20,601</b>	<b>35.5</b>	<b>43,815</b>	<b>39.2</b>
<b>Totals</b>	<b>24,354</b>	<b>100.0</b>	<b>29,310</b>	<b>100.0</b>	<b>58,052</b>	<b>100.0</b>	<b>111,716</b>	<b>100.0</b>

Source: 2001, 2002, and \*Year-to-date October 22, 2003 HMDA LAR data

## Consumer Loans

The consumer loan review consisted of the bulk of consumer loans originated during calendar year 2001, 2002, and year to date 2003. A total of 7,155 consumer installment loans were analyzed. These loans consisted of personal secured and unsecured loans, share and Certificate of Deposit secured loans, new and used automobile loans, recreational vehicle loans, motorcycle loans, boat loans and mobile home loans. According to internal loan data, the credit union originated 2,407 loans in these categories in calendar year 2001, 1,902 loans in 2002 and 2,846 loans as of Year-to-date 2003. The following information is based upon the consumer loan volume for this period.

The number of loans originated inside the Credit Union's delineated assessment area constituted 63.4 percent of the total number, or 61.8 percent of the total dollar volume. As with residential loans the concentration of consumer loans were in Plymouth, New Bedford, Bridgewater, Quincy, and Fairhaven, which accounted for 38.7 percent of the total number

and 38.2 percent of the total dollar volume, with the remaining assessment municipalities accounting for the remaining 24.7 percent of the total number of loans and 23.6 percent of the total dollar volume. Loans originated outside of the delineated assessment area constituted 36.6 percent of the total number, or 38.2 percent of the total dollar volume. Refer to the following tables for additional information.

<b>CONSUMER INSTALLMENT LOANS (Number)</b>								
	<b>2001</b>		<b>2002</b>		<b>2003*</b>		<b>TOTALS</b>	
<b>Location</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Plymouth	296	12.3	240	12.6	286	10.0	822	11.5
New Bedford	169	7.0	138	7.3	220	7.7	527	7.4
Bridgewater	173	7.2	117	6.2	217	7.6	507	7.1
Quincy	123	5.1	128	6.7	236	8.3	487	6.8
Fairhaven	157	6.5	108	5.7	161	5.7	426	5.9
<b>Sub Total</b>	<b>918</b>	<b>38.1</b>	<b>731</b>	<b>38.5</b>	<b>1,120</b>	<b>39.3</b>	<b>2,769</b>	<b>38.7</b>
<b>Other Assessment Area</b>	<b>613</b>	<b>25.5</b>	<b>475</b>	<b>24.9</b>	<b>679</b>	<b>23.9</b>	<b>1,767</b>	<b>24.7</b>
<b>Inside Assessment Area</b>	<b>1,531</b>	<b>63.6</b>	<b>1,206</b>	<b>63.4</b>	<b>1,799</b>	<b>63.2</b>	<b>4,536</b>	<b>63.4</b>
<b>Outside Assessment Area</b>	<b>876</b>	<b>36.4</b>	<b>696</b>	<b>36.6</b>	<b>1,047</b>	<b>36.8</b>	<b>2,619</b>	<b>36.6</b>
<b>Totals</b>	<b>2,407</b>	<b>100.0</b>	<b>1,902</b>	<b>100.0</b>	<b>2,846</b>	<b>100.0</b>	<b>7,155</b>	<b>100.0</b>

Source: Credit Union data

\*Year-to-date September 30, 2003

<b>CONSUMER INSTALLMENT LOANS (Dollar)</b>								
	<b>2001</b>		<b>2002</b>		<b>2003*</b>		<b>TOTALS</b>	
<b>Location</b>	<b>\$(000)</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>
Plymouth	3,178.4	11.8	2,715.5	13.2	3,081.7	10.0	8,975.6	11.5
Bridgewater	1,951.0	7.2	1,785.0	8.7	2,220.5	7.3	5,956.5	7.6
New Bedford	1,948.6	7.2	1,320.5	6.4	2,323.3	7.6	5,592.4	7.2
Quincy	1,270.2	4.7	1,264.2	6.2	2,481.7	8.1	5,016.1	6.4
Fairhaven	1,646.3	6.0	1,126.0	5.5	1,557.7	5.1	4,330.0	5.5
<b>Sub Total</b>	<b>9,994.5</b>	<b>36.9</b>	<b>8,211.2</b>	<b>40.0</b>	<b>11,664.9</b>	<b>38.1</b>	<b>29,870.6</b>	<b>38.2</b>
<b>Other Assessment Area</b>	<b>6,809.2</b>	<b>25.2</b>	<b>4,373.1</b>	<b>21.3</b>	<b>7,263.6</b>	<b>23.7</b>	<b>18,445.9</b>	<b>23.6</b>
<b>Inside Assessment Area</b>	<b>16,803.7</b>	<b>62.1</b>	<b>12,584.3</b>	<b>61.3</b>	<b>18,928.5</b>	<b>61.8</b>	<b>48,316.5</b>	<b>61.8</b>
<b>Outside Assessment Area</b>	<b>10,236.</b>	<b>37.9</b>	<b>7,942.0</b>	<b>38.7</b>	<b>11,690.5</b>	<b>38.2</b>	<b>29,869.4</b>	<b>38.2</b>
<b>Totals</b>	<b>27,040.6</b>	<b>100.0</b>	<b>20,526.3</b>	<b>100.0</b>	<b>30,619.0</b>	<b>100.0</b>	<b>78,185.9</b>	<b>100.0</b>

Source: Credit Union data

\*Year-to-date September 30, 2003

Although the majority of loan activity is within the assessment area, the data indicated that a significant amount of loans originated outside of the Credit Union's assessment area. The Credit Union hired two on the road mortgage loan originators since the last CRA report, which may account for the strong showing in areas other than the assessment area. It is further noted that the Credit Union has a referral relationship with approximately 49 used car dealerships in Barnstable, Bristol, Norfolk, and Plymouth Counties with 67 percent of the dealers located outside of the assessment area. This may account for the significant number of automobile loans extended outside the assessment area. Bridgewater Credit Union has approval to offer direct financing of vehicle loans. In addition, two dealers are allowed to close loans on behalf of the Credit Union. The

circumstances that arise from such a relationship with various automobile dealers does not allow institutions to exercise control of whether the applicants are from inside or outside the assessment area.

The data presented above for HMDA and consumer loans indicates that the Credit Union extends the majority its loans, by number and dollar volume, within the assessment area. The overall rate of lending within the assessment area is at a satisfactory level.

### 3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

The Credit Union's lending, based upon the analysis of residential and consumer loans by borrower income, meets the standards for satisfactory performance in providing credit to members of all income levels.

#### HMDA Loans

Further analysis of Bridgewater Credit Union's loan data was conducted in order to determine the distribution of loans based upon the income levels of borrowers. The analysis of borrower income level was identified as the ratio of borrower income to the median family income for the assessment area's towns located within the Brockton, Boston, and New Bedford Metropolitan Statistical Areas (MSA). The median family income is based upon estimated 2001, 2002, and 2003 HUD information for each MSA.

The US Census Bureau defines income categories in the following terms. Low income is defined as income below 50 percent of the median family income level for the MSA. Moderate income is defined as 50 to 79 percent of the median family income level for the MSA. Middle income is defined as income between 80 and 119 percent of the median family income for the MSA. And Upper income is defined as income greater than 120 percent of the median family income for the MSA.

The following table indicates loans originated and categorized by the applicants' reported income in relation to the median family income for the MSA in which the property is located. Loans to borrowers of moderate-income and low-income represented 21.4 percent and 7.0 percent, respectively of total loans originated. Loans extended to borrowers with incomes within the upper-income level for the MSA median family income represented the largest individual category with 35.9 percent of the total number for the period reviewed. Loans extended to borrowers of middle-income were next with 34.8 percent of the total number. The following table provides a breakdown of residential loans originated by number categorized by applicant income level.

Distribution Of HMDA Loans By Borrower Income (Number )								
% Of Median MSA Income	2001		2002		2003		TOTALS	
	#	%	#	%	#	%	#	%
<50%	7	6.4	2	1.5	29	9.7	38	7.0
50%-79%	25	23.0	24	17.6	67	22.5	116	21.4
80%-119%	29	26.6	48	35.3	112	37.6	189	34.8

120%>	48	44.0	61	44.9	86	28.9	195	35.9
NA	0	0.0	1	0.7	4	1.3	5	0.9
<b>Totals</b>	<b>109</b>	<b>100.0</b>	<b>136</b>	<b>100.0</b>	<b>298</b>	<b>100.0</b>	<b>543</b>	<b>100.0</b>

Source: 2001, 2002, and \*Year-to-date October 22, 2003 HMDA LAR data

<b>Distribution Of HMDA Loans By Borrower Income (Dollar)</b>								
% Of Median MSA Income	2001		2002		2003		TOTALS	
	\$(000)	%	\$(000)	%	\$(000)	%	\$(000)	%
<50%	548	3.9	201	1.2	2,590	6.9	3,339	4.9
50%-79%	2,496	18.0	2,208	13.3	7,711	20.6	12,415	18.3
80%-119%	3,443	24.8	6,010	36.3	14,065	37.6	23,518	34.6
120%>	7,391	53.3	8,021	48.4	12,553	33.5	27,965	41.2
NA	0	0.0	132	0.8	532	1.4	664	1.0
<b>Totals</b>	<b>13,878</b>	<b>100.0</b>	<b>16,572</b>	<b>100.0</b>	<b>37,451</b>	<b>100.0</b>	<b>67,901</b>	<b>100.0</b>

Source: 2001, 2002, and \*Year-to-date October 22, 2003 HMDA LAR data

The Credit Union's loan data within the various income levels for calendar years 2001 and 2002 were compared to that of all other lenders within the assessment area for the same period. The results of the analysis indicated that HMDA-reportable loans originated by the Credit Union among low- and moderate-income borrowers were at a level proportionately higher than the other HMDA reporters for 2001 but lower for 2002. However, the number of loans among moderate-income borrowers for both the Credit Union and the aggregate was higher than the percentage of moderate-income households. Based upon the analysis of borrower income, the distribution of residential loans indicates good penetration among the different income levels.

<b>Distribution of HMDA Loans By Borrower Income Based On Aggregate Data</b>						
% Of Median MSA Income	% Total Households		Credit Union 2001		2001 Aggregate Data	
	#	%	# Of Loans	\$ Amount	# Of Loans	\$ Amount
			%	%	%	%
<50%	53,964	26.5	6.4	3.9	4.4	2.6
50%-79%	33,227	16.3	23.0	18.0	19.6	16.2
80%-119%	43,680	21.5	26.6	24.8	28.8	28.1
120%>	72,719	35.7	44.0	53.3	30.4	34.9
NA	0	0.0	0.0	0.0	16.7	18.2
<b>Totals</b>	<b>203,590</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: \*1990 Census Data  
PCI Services, Inc. CRA WIZ

Again for comparison, the distribution of the assessment area's 203,590 households by borrower income level and 2002 aggregate data is indicated in the following table.

<b>Distribution of HMDA Loans By Borrower Income Based On Aggregate Data</b>						
% Of Median MSA Income	% Total Households		Credit Union 2002		2002 Aggregate Data	
	#	%	# Of Loans	\$ Amount	# Of Loans	\$ Amount
			%	%	%	%
<50%	53,964	26.5	1.5	1.2	4.9	3.1
50%-79%	33,227	16.3	17.6	13.3	19.5	16.3

80%-119%	43,680	21.5	35.3	36.3	29.6	29.2
120%>	72,719	35.7	44.9	48.4	31.3	35.9
NA	0	0.0	0.7	0.8	14.7	15.5
<b>Totals</b>	<b>203,590</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source:\*1990 Census Data  
PCI Services, Inc. CRA WIZ

While the overall concentration of residential mortgage loans is higher among upper-income and middle-income borrowers for the Credit Union and the aggregate, the Credit Union's loan distribution among low- and moderate-income borrower's in 2001 was better than the aggregate. However, this reversed in 2002 and the distribution among low- and moderate-income borrowers in number and dollar volume was significantly higher for the aggregate than the Credit Union. Although the loans to low-income individuals is significantly lower than the 26.5 percent of low-income households, the penetration is considered reasonable since more than 10 percent of the households live below the poverty level and most likely could not afford the costs associated with homeownership. Also, the Credit Union's penetration of low-income households is hampered by the cost of homes in relation to income. A low-income household in 2002 within Bridgewater Credit Union's assessment area would have an annual income of \$31,749 in the Brockton MSA, \$37,099 in the Boston MSA, and \$23,749 in the New Bedford MSA. Even with flexible lending programs in place, the cost of local real estate is greater than what most low-income households could afford.

To assist modest income individuals achieve homeownership Bridgewater Credit Union offers a variety of mortgage programs, some with flexible underwriting, including higher debt-to-income ratios or smaller downpayment requirements.

## Consumer Loans

As stated earlier, consumer installment loan sample procedures were used to determine the percentages of consumer loans to borrowers of different income levels. The sample results for members' automobile and secured and unsecured personal loans were used to estimate lending by borrower income level for total consumer loans originated between January 1, 2001 and October 22, 2003. It is important to note that the estimated distribution was based on the HUD estimated median family income for the year in which each loan was originated. Median family income is not the most accurate measure, since individuals frequently apply for consumer loans. If an individual applies for the loan, financial institutions use the individual's income to make the credit decision, rather than the total family income. Therefore, comparing the borrower income level to the median family income potentially inflates the levels of lending to low and moderate-income borrowers and understates the levels of lending to middle- and upper-income borrowers. Nonetheless, Bridgewater Credit Union's levels of consumer installment loans to low- and moderate-income borrowers with 61.5 percent of the number and 51.0 percent of the dollar amount were good and favorably represented the Credit Union's efforts to lend to borrowers of all income levels. In addition, lending in other income categories were not negatively impacted based on the sample results. The following tables indicate the estimated borrower income distribution, by number and dollar volume of loans.

<b>Distribution of Consumer Loans By Income Of Borrower (Number)</b>									
% Of Median MSA Income	% Total Households	2001		2002		2003*		TOTALS	
		#	%	#	%	#	%	#	%
<50%	26.5	6	25.0	7	36.8	10	37.0	23	32.9
50% - 79%	16.3	6	25.0	7	36.8	7	26.0	20	28.6
80% - 119%	21.5	3	12.5	2	10.6	6	22.2	11	15.7
120%	35.7	9	37.5	3	15.8	4	14.8	16	22.8
<b>Totals</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>	<b>19</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>	<b>70</b>	<b>100.0</b>

Source: Credit Union Data

\*Year-to-date September 30, 2003

<b>Distribution of Consumer Loans By Income Of Borrower (Dollar)</b>									
% Of Median MSA Income	% Total Households	2001		2002		2003*		TOTALS	
		\$(000)	%	\$(000)	%	\$(000)	%	\$(000)	%
<50%	26.5	48,397.5	16.2	94,506.5	45.0	54,477.2	27.2	197,381.2	27.1
50% - 79%	16.3	54,920.6	18.4	49,947.8	23.8	69,086.4	34.4	173,954.8	23.9
80% - 119%	21.5	54,145.0	18.2	31,060.0	14.8	45,115.1	22.5	130,320.1	18.0
120%	35.7	140,550.8	47.2	53,350.0	25.4	31,940.4	15.9	225,841.2	31.0
<b>Totals</b>	<b>100.0</b>	<b>298,013.9</b>	<b>100.0</b>	<b>209,732.3</b>	<b>100.0</b>	<b>200,619.1</b>	<b>100.0</b>	<b>727,497.3</b>	<b>100.0</b>

Source: Credit Union Data

\*Year-to-date September 30, 2003

The overall distribution of loans reflects adequate penetration among borrowers of different income levels.

#### 4. GEOGRAPHIC DISTRIBUTION OF LOANS

The Credit Union's penetration of census tracts of different income levels is considered adequate. HMDA-reportable loans and a sample of consumer loans originated by the Credit Union were analyzed to determine the extent of loan penetration within the assessment area's low- and moderate-income geographies. The analysis based the geographic distribution of loans indicated that the Credit Union meets the standards for satisfactory performance.

#### HMDA Loans

The following table notes the number of residential loans originated within the assessment area by census tract classification. This data indicates that only 2 loans were originated in the assessment area's low-income tracts for the period reviewed. Loans originated within the moderate-income tracts were somewhat better with 5.5 percent of the total loans originated within these tracts. Also, the following table indicates that 70.0 percent of the number were originated in the assessment area's middle-income tracts. Loans originated in the upper-income tracts represented 24.1 percent of the total number a figure much higher than the rate of owner-occupancy within this census tract income category.

<b>HMDA Loans By Census Tract (Number)</b>								
<b>Census Tract Income Level*</b>	<b>2001</b>		<b>2002</b>		<b>2003*</b>		<b>TOTALS</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	1	0.9	0	0.0	1	0.3	2	0.4
Moderate	5	4.6	4	3.0	21	7.1	30	5.5
Middle	89	81.7	114	83.8	177	59.4	380	70.0
Upper	14	12.8	18	13.2	99	33.2	131	24.1
<b>Totals</b>	<b>109</b>	<b>100.0</b>	<b>136</b>	<b>100.0</b>	<b>298</b>	<b>100.0</b>	<b>543</b>	<b>100.0</b>

Source: 2001, 2002, and \*Year-to-date October 22, 2003 HMDA LAR data

2001 and 2002 loan data categorized by 1990 census tract designation based on 1990 Census

2003 loan data categorized using 2000 census tract designation based on 2000 Census

As indicated in the following table the dollar totals by percentage were similar to the number figures.

<b>HMDA Loans By Census Tract (Dollar)</b>								
<b>Census Tract Income Level*</b>	<b>2001</b>		<b>2002</b>		<b>2003*</b>		<b>TOTALS</b>	
	<b>\$(000)</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>
Low	174	1.3	0	0.0	157	0.4	331	0.5
Moderate	522	3.8	352	2.1	2,397	6.4	3,271	4.8
Middle	11,232	80.9	13,957	84.2	21,887	58.5	47,076	69.3
Upper	1,950	14.0	2,263	13.7	13,010	34.7	17,223	25.4
<b>Totals</b>	<b>13,878</b>	<b>100.0</b>	<b>16,572</b>	<b>100.0</b>	<b>37,451</b>	<b>100.0</b>	<b>67,901</b>	<b>100.0</b>

Source: 2001, 2002, and \*Year-to-date October 22, 2003 HMDA LAR data

2001 and 2002 loan data categorized by 1990 census tract designation based on 1990 Census

2003 loan data categorized using 2000 census tract designation based on 2000 Census

Additionally, as indicated in the following table, the distribution of the Credit Union's HMDA-reportable loans originated within the assessment area's low- and moderate-income census tracts is at a lower level than the aggregate. With only one loan originated in a low-income tract in 2001, the Credit Union ranked 79<sup>h</sup> with a market share of .24 percent. The opportunity for lending in this area is limited due to factors discussed in other areas of this report. However, the opportunity for lending in the moderate-income census tracts is more favorable due to relatively higher rate of owner-occupancy. Yet, aggregate data indicates the credit union's performance is proportionately less than other lenders in this area as illustrated in the following table.

<b>HMDA Loans Based On Aggregate Data</b>						
<b>Census Tract Income Level*</b>	<b>1-4 Family Owner-Occupied Properties*</b>		<b>Credit Union 2001</b>		<b>2001 Aggregate Data</b>	
			<b>Number Of Loans</b>	<b>Dollar Amount</b>	<b>Number Of Loans</b>	<b>Dollar Amount</b>
	<b>#</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Low	1,115	0.9	0.9	1.3	1.0	0.9
Moderate	14,733	12.2	4.6	3.8	12.4	10.9
Middle	99,166	81.9	81.7	80.9	82.0	83.2
Upper	6,047	5.0	12.8	14.0	4.6	5.0
<b>Totals</b>	<b>121,061</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>



Source:\*1990 Census Data  
PCI Services, Inc. CRA WIZ

Data in the preceding table indicate that the aggregate figures, unlike the credit union figures, more closely reflect the rate of owner-occupancy within all census tract categories.

Furthermore, aggregate data for 2002 indicate that the Credit Union's performance is substantially similar to its 2001 performance. The Credit Union's level of lending within the moderate-income tracts is significantly lower, by percentage, than the owner occupancy rate within the moderate-income areas. This pattern has been consistent throughout the review period. Refer to the following table for more detail.

HMDA Loans Based On Aggregate Data						
Census Tract Income Level*	1-4 Family Owner-Occupied Properties*		Credit Union 2002		2002 Aggregate Data	
			Number Of Loans	Dollar Amount	Number Of Loans	Dollar Amount
	#	%	%	%	%	%
Low	1,115	0.9	0.0	0.0	1.0	1.0
Moderate	14,733	12.2	3.0	2.1	12.7	11.4
Middle	99,166	81.9	83.8	84.2	81.5	82.4
Upper	6,047	5.0	13.2	13.7	4.8	5.2
<b>Totals</b>	<b>121,061</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source:\*1990 Census Data; PCI Services, Inc. CRA WIZ

Unlike Bridgewater Credit Union, the 2001 and 2002 aggregate loan distribution as indicated in the previous tables more closely reflect the owner-occupancy rate with the credit union's assessment area.

## Consumer Loans

The penetration of consumer loans within census tracts of different income levels shows no activity within low-income tracts. Despite the Credit Union's focus in residential lending, it originated more than 4,000 consumer loans within the assessment area for a dollar volume exceeding \$44 million. The following tables indicate the distribution of the Credit Union's consumer loans originated within the assessment area based on a sample of loans originated during the review period. For comparison purposes, the following tables also include a breakdown by percentage of the area households within the four census tract income categories.

Consumer Loans By Census Tract (Number)									
Census Tract Income Level	% Total Population	2001		2002		2003*		TOTALS	
		#	%	#	%	#	%	#	%
Low	2.3	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	20.1	0	0.0	2	10.5	3	11.1	5	7.1
Middle	73.7	19	79.2	16	84.2	18	66.7	53	75.7
Upper	3.8	3	12.5	1	5.3	6	22.2	10	14.3
NA	0.0	2	8.3	0	0.0	0	0.0	2	2.9
<b>Totals</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>	<b>19</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>	<b>70</b>	<b>100.0</b>

Source: Credit union data \*Year-to-date September 30, 2003.

2001 and 2002 loan data categorized by 1990 census tract designation based on 1990

Census

2003 loan data categorized using 2000 census tract designation based on 2000 Census

Consumer Loans By Census Tract (Number)			
Census Tract Income Level	% Total Population	2003	
		#	%
Low	4.0	0	0.0
Moderate	25.9	3	11.1
Middle	63.7	18	66.7
Upper	6.0	6	22.2

NA	0.4	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>

Source: 2003 loan data categorized using 2000 census tract designation based on 2000 Census.

As the table above indicates consumer lending within low- and moderate-income census tracts, is considerably below the percentage of the population within those areas. The loan sample did not show any activity in the low-income areas. While more than 25 percent of the population reside in moderate-income tracts the Credit Union's activity in these areas is consistently less than that figure. The dollar volume indicated similar figures with 10.6 percent dispersion among moderate-income geographies.

The majority of the assessment area's population is concentrated within the middle-income geographies. The majority of consumer loans originated from within the middle-income census tracts with 75.7 percent of the total number and 72.5 percent of the total dollar volume is reflective of the population concentration. Loans in upper-income tracts at 14.3 percent of the total number and 13.9 percent of the dollar volume are significantly higher than population figures.

<b>Consumer Loans By Census Tract (Dollar)</b>									
<b>Census Tract Income Level*</b>	<b>% Total Population*</b>	<b>2001</b>		<b>2002</b>		<b>2003*</b>		<b>TOTALS</b>	
		<b>\$(000)</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>
Low	2.3	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	20.1	0	0.0	14.0	6.1	62.9	31.3	76.9	10.6
Middle	73.7	222.7	74.7	206.4	90.2	98.0	48.9	527.1	72.5
Upper	3.8	53.4	17.9	8.4	3.7	39.7	19.8	101.5	13.9
NA	0.0	21.9	7.4	0	0.0	0	0.0	21.9	3.0
<b>Totals</b>	<b>100.0</b>	<b>298.0</b>	<b>100.0</b>	<b>228.8</b>	<b>100.0</b>	<b>200.6</b>	<b>100.0</b>	<b>727.4</b>	<b>100.0</b>

Source: Credit union data \*Year-to-date September 30, 2003.

2001 and 2002 loan data categorized by 1990 census tract designation based on 1990 Census

2003 loan data categorized using 2000 census tract designation based on 2000 Census

<b>Consumer Loans By Census Tract (Dollar)</b>			
<b>Census Tract Income Level*</b>	<b>% Total Population</b>	<b>2003</b>	
		<b>\$(000)</b>	<b>%</b>
Low	4.0	0	0.0
Moderate	25.9	62.9	31.3
Middle	63.7	98.0	48.9
Upper	6.0	39.7	19.8
NA	0.4	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>200.6</b>	<b>100.0</b>

Source: 2003 loan data categorized using 2000 census tract designation based on 2000 Census

Based upon this analysis, the distribution of Bridgewater Credit Union's HMDA-reportable loans and consumer loans among various census tracts is considered marginally adequate.

## **5. REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES**

Based upon the review of the Credit Union's public comment file and its performance relative to fair lending policies and practices, the institution meets the standards for satisfactory performance.

### ***Review of Complaints***

A thorough review of the public comment file revealed that the Credit Union received no complaints pertaining to the its CRA performance since the previous examination. If such complaints or comments are received, however, management is encouraged to record the date of these correspondences.

### ***Fair Lending Policies and Practices***

Bridgewater Credit Union's fair lending data was reviewed to determine how it relates to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy. A thorough review of the public comment file revealed that the credit union received no complaints pertaining to the institution's CRA performance since the previous examination.

The Credit Union maintains a Fair Policy Statement that meets the requirements of Regulatory Bulletin 2.3-101. The Credit Union's staff is comprised of 69 employees 8 of whom are representative of a particular minority group. In addition, 2 employees are on the road loan originators. Bridgewater Credit Union has 10 bi-lingual employees who are fluent in languages that include American Sign Language, Hindi, Urdu, Portuguese, Spanish, Cantonese, French and Bengali.

The Credit Union's marketing efforts appear to adequately reach members of all income levels. The institution evaluates both the products it offers and its product mix to help determine whether those products are responsive to the needs of its members. The credit union refers all loan customers whose home loan is delinquent to the appropriate credit counseling agency.

Sample reviews of the Credit Union's approved and denied consumer and residential loan application files were conducted to check for fair lending issues. No discriminatory practices were noted.

## APPLICATION FLOW

A review of the Credit Union's residential loan application flow was conducted. The purpose of the review is to determine the number of applications the Credit Union received from minority applicants.

As indicated in the following table the Credit Union received a total of 586 residential applications from individuals within the assessment area during the review period. A total of 33 applications, or 5.7 percent, was received from minority applicants. Of the total minority applications received 32 or 97 percent, were approved. The unapproved application was withdrawn.

The Credit Union's minority application flow was compared with the racial composition of the assessment area. In addition, the application flow was compared to the 2001 and 2002 aggregate data for all other HMDA reporters within the assessment area. The comparison of this data assists in deriving reasonable expectations for the number of applications the Credit Union receives from minority applicants.

Minority Application Flow*										
Race	Aggregate Data 2001		Credit Union 2001		Credit Union 2002		Credit Union 2003		Credit Union Total	
	#	%	#	%	#	%	#	%	#	%
Native American	163	0.3	0	0.0	2	0.8	1	0.3	3	0.4
Asian	943	1.8	1	0.9	2	0.8	2	0.6	5	0.7
Black	1,884	3.6	0	0.0	2	0.8	4	1.3	6	0.9
Hispanic	907	1.7	0	0.0	1	0.4	1	0.3	2	0.3
Joint	558	1.1	1	0.9	5	2.0	9	2.8	15	2.2
Other	817	1.6	0	0.0	2	0.8	5	1.6	7	1.0
Total Minority	5,272	10.2	2	1.8	14	5.7	22	6.9	38	5.5
White	30,220	58.3	96	82.0	157	64.1	276	87.1	529	80.0
NA	16,358	31.5	19	16.2	74	30.2	19	6.0	112	16.5
<b>Totals</b>	<b>51,850</b>	<b>100.0</b>	<b>117</b>	<b>100.0</b>	<b>245</b>	<b>100.0</b>	<b>317</b>	<b>100.0</b>	<b>679</b>	<b>100.0</b>

\*Source: PCI Services, Inc. CRA Wiz Software.

According to the 1990 U.S. Census Data, the Credit Union's assessment area contained a total population of 551,027 individuals. Minority individuals in this area accounted for 9.9 percent of the total population. Aggregate information for 2001, as shown in the above table, indicated that 10.2 percent of the total applications received from all other HMDA reporters were from minority applicants. This figure is more in line, by percentage, with the assessment area's minority population. By comparison, Bridgewater Credit Union's minority flow for 2001 is considerably less than that of other lenders. It is further noted that the credit union's minority flow for 2001, although improved over the 2001 figures, remains proportionately dissimilar to the percentage of minority residents within the assessment area.

The following table, which compares the Credit Union's minority application flow with the 2002 aggregate, continues to reflect figures that are significantly below expectations.

<b>Minority Application Flow*</b>				
<b>Race</b>	<b>Aggregate Data 2002</b>		<b>Credit Union 2002</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Native American	229	0.3	2	0.8
Asian	1,375	1.9	2	0.8
Black	2,508	3.4	2	0.8
Hispanic	1,150	1.6	1	0.4
Joint	684	1.0	5	2.0
Other	1,165	1.6	2	0.8
Total Minority	7,111	9.8	14	5.7
White	42,197	57.9	157	64.1
NA	23,575	32.3	74	30.2
<b>Totals</b>	<b>72,883</b>	<b>100.0</b>	<b>245</b>	<b>100.0</b>

\*Source: PCI Services, Inc. CRA Wiz Software.

Based upon the preceding information, Bridgewater Credit Union's review of complaints and fair lending policies and practices performance record is considered marginally satisfactory.

# THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

**BRIDGEWATER CREDIT UNION**

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **OCTOBER 22, 2003**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_



# PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that community.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.